

## Shultz, in China, Sees Accord

 On Path to Peace in Cambodia
## By Don Oberdorfer













## Hanoi Finds Praise for China

New Tone May Signal the End of a Decade of Hostility



Promising Hepatitis Therapy
U.S. Study Says Drugs Removed Virus From 4 Patients


Seoul Widens Its Opening to North With Offer for a Student Exchange



WORLD BRIEFS
Iran Gunboats Attack Tanker Twice





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## 20 Die as Rebel Rockets Hit Kabul


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provinos of Paktiva Pak


 carbombinesand
radio report.
Howe Voices Concern on Hong Kong




 Koos the colony will be reintegrated into China when Britain's 99year
lease on the teritiory expires on July 1 . 1997 .
Japan Outlines Spending Increase

strengthen its armed forces. It was the countrys biggest increase in
goverumen spending in six years.
The gridelines. announceal by Finance Minister Kiichi Miyazawand approved at a cabinet meeting ssid there would be a 9.4 perrent incresse
in overteas development assisance in the ficcal year starimg April 1989. Western nations have urged Japan to contribute more to the developing
world.

 ssablished by the guidelines would allow manal spe
billion yen (S6.8 billion) to about 33.89 riflion yen.

1,500 Workers Protest in Belgrade
BELGRADE (AP) - About 1.S00 workers from the Bosinian food lic proutssis sand descended Fiday on Belergade to denand more pay in the
 moncth up from 125,000 dinars.



## Tories Win in London By-Election


A strong performance from the Labor candidare slassed the Conserva,
ive rajointy 10 815 votes in Thursdays ballor for the London seat of




## TRAVEL UPDATE

Air France Sets Flights Despite Strike


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B BRIEFS


Rockets Hit $\mathrm{K}_{\text {boll }}$



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## sSpending Increase

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rn Protest in Belgrade

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Iondon By－Election

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ATican National Congress
The Mandelas rejectes the offer


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panari Mr．Mand Johannesbury to


## Pretoria Is Willing to Forswear N－Arms

## ${ }^{\text {By Pr Pall }}$ Kewis

## Reagan Back

## By Robert Pear Nen York Times Sevice

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the Soviet Union will lead the
south Africans wo deride there is
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Leaders Split
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## Hope，at Last，on Angola

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## Downward in Nicaragua




Greece Must Awake to the Terrorist Threat

| $\mathbf{N}^{\text {EWYORK－＂Terrorists Attack Cnuise Ship＂}}$ －there is a special kind of fear that kind of news bringes on，an intimate and personal fear．fel by millions as the story whips around the world． | By A．M．Rosenthal | arrest a single member of the November 17 move mient，which commits terronist murders on its own or |
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|  | poil | or forcign assigament．France，Italy and West Ger－ |
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| tha | Podiership are more important han metal delectors． |  |
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| er Earopean capitals and Washington feek | tween Greek officials and terrorist |  |

Free Trade： No Need for

| Fortresses <br> By Hobart Rowen |
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Dulaakis May Have Picked The Wrong Battleground

| By Tom Wicker |  |  |  |
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| among white voters that took placeim the 70 and nominee，or80 s ．The Southern |  |  |  |
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| now are mucc more cronditionedvote Republican in mational lections |  |  |  |
| Iocal politics－than they were in or strongly supporing Mr．Bush．Indiana，Virginini，Georgia and Ten－O60． |  |  |  |
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| sident George Bush |  |  |  |

Repression in Nicaragua：Now We Can Judge Again

|  | By Charles Kr |  |  |  |  |
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|  | ing ．．．a andigoverament slogans．liceil They hav practicaly aboished |  |  |  |  |
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| a | －benefit．And they reciprocated by dis－ arming the contras and making Nica－ragua sare for Sandinism．Now that |  |  | Washington who would listen that the notion of a Fortress Europe ＂poppycock＂ |  |
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|  |  |  |  | partners abroad，notably the United Etates and Japan．If the fruits of the shared internationally，there diso |  |
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|  | ished freedom and legality．（In solved and absorbed by the Intcrior Ministry．which runs the secrel po－ |  |  |  |  |
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|  | The Blood Is Still Flowing |  |  | pean officials，Mr．Brock said he hadi |  |
|  |  |  | not doing anything except fiberaliz－ing our own market＇but the moxe they said that，the more you wonder whar＇s happening You beein to hein |  |
|  | By Don Podesta | trol of heavily armed troops hiking lagged down by a young officer lagged down by a young officer |  |  |  |  |  |
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|  | that the rightist Nationalist Republi－ can Alliance，or ARensa，won a ma and sunds to win | The officer wore a Rambo－style headband．lime green canounlage paint on his face and no insignia o |  |  |  |
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|  |  | of malaria pills ga | and pluramimm Mr Alias |  |  |  |  |  |
|  |  | He was not impressed by our docu－ rond．pointedly suggesting a more di－ | be hrought to bear on them．No doubt Managua bey are bracing for an Washington Past K＇rilers Group． | the bilateral enthusiasts will have＇toprove it in actions，not words．$\because$The Washington Post．$\because$ |  |
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|  |  |  | BERLIN－The Covernment repon | in England ane thisappeaning Thoce more sentimental than sanything clese agen reasons canmot prevail forever more rapid and direct co between Engiand and the Continent＂ |  |
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|  | A ride out of the capital to an area | war is the |  |  |  |
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|  |  |  |  | NEW YORK－The city＇s popila－ tion poured into Broadway and give Howard Hughes and his forr－ man round－the－world and his the big－ gest，noisiest and most welcome that New |  |
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|  | localion．For two American joumnl－ists recently，the destination was the | More than a dozen of them，some nomore than 13 years old and all armed |  |  |  |  |  |  |
|  |  |  | 1913：A Tunnel Advocate |  |  |
|  |  | around the square The wails of every building including the church．we | PARIS－M．Li Lius Barhou，the | turned from his epoch－making pio fight across the Alantic ：The most modest of beroes，Mr |  |
|  |  jecp pide into a six－hour rip．Well past | cal groffite read＂Soldier．The fich have time Dosen wr．You sill have time ．．．Deser！！ <br> The Washingron Possl． |  |  |  |  |  |  |
|  |  |  |  | showered praise on every önce con－ Ilight，except himsolf，and added： I don＇t know that any purpose wisserved by the flight．＂ |  |
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| We cannot continue tolerating ihase who want to take advantage of the ppace she revolution has permixted ihem －Daniel Ortega Saavedra，July 10. | By Charles Krauthammer |  | do come at an opportume time on the American callendar：a woek before Democras meet to crown Michel | stressed buttessed by pressure that its busi－ |
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|  |  |  | nessmen are applying to its pobti－ cians to becone more competitive． anything by 1992 －of a single car－im |
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|  | By Don Podesta | rol of heavily armed troons hiking |  |  |
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| But the fact har | ＂How many years we have fought | lot of innocent people are dying．＂ |  |  |
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El Salvador：The Blood Is Still Flowing




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Iran Eases Call for Censure of U.S.

By Michael J. Berlin


 United Staies for
Iranaian
airline:
$\because$ At a UN press conference. he
said what was mportant was shat
tihe US. admininstration must at
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open when the question han of resion farsibilitity. open the question of fresponsibibity
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TAPE: Iran Releases a Transcript of Flight 655 at UN (CCarimed fou Pren )









POUSSIN: The Saga of a Painting and Its Other Half

POLAND: Soviet Caution



















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of he lack or acrow, Mr. Gorba-
chev never appeared. chev never appeared.
excitement, the absence of public
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cess het last underpininges of the
ploding but loyal General Jart-
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serit if Mr. Gorbachev bas set-| Lled for $\begin{array}{l}\text { isk-avoidance in Poland it } \\ \text { must only be a stopgap for } 2 \text { long }\end{array}$ |
| :--- | er-erm strategy.

| Warsaw Pact <br> Begins Summit <br> mer Asodiand pras <br> WARSAW - The Sovici leader, Mistrail S. Gorbachev, and leaders of the six other Warsaw Pact nations began a two-day summit meeting here on Friday that was expected to focus oc disammament and East-West dialogue. <br> The meeting provided Mr. Gorbachev with a showcase to inform his fellow Communist leaders in Eastern Europe on viet peresrroika, or restructuring. <br> The East bloc leaders met in a closed session and issued no statement on their delibera"point out" the pact's "priorities in disammament," said the Warszawy on Thursday. |
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## NIXON: Former President Now Sees Texas as the Pivotal State in Election




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## For Egypt's Copts, a Quiet Revival






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## Eastwood's Presence Saves 'Dead Pool'



Flying Pigs Strain Cincinnati's Sense of Humor

## By Lydia Chavez New Yan Imes Service

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There was a time, in the 1800 s.
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Dow Stages 11th-Hour Climb

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The cash, the people on the sidelines, took a
hand look at the days sactivity" Mr Erlanger
sind

 "We now have hat a lo of data under the
bridge and the reaction bas been middy posi-
tive. Mr. Eranger said II think people arc



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## Group of 10 Shifts Focus To Risks Facing Investors

| ZURICH - The Group of 10 , comprising the finance ministers of the 10 leading Western industrial nations has decided to concentrate on defining che risks of interest rates and investment in securities on definting tha nisks of interest rates and investarent in sequnites now that it has drawn up guidelines regulaing capital adequacy of internationally sctive banks. <br> In its final repor on capital guidelines, approved by ceatral bank governors last Mooday, the G-10's Committece of Banking Regulacapital in relation to credit risk <br> But other risks, notably interest-rate risk and the investment risk on securities, need 10 be zaken into account by supervisors in In the iwo-tier regime thas the group app <br> In the iwo-tier regime that the group approved, banks must hold 1992. Hoff must be in the form of corecapionted assets by the end of reserves - and half in supplementary capital including long term debh hidden reserves, revaluation reserves and other loan loss reserves. <br> The report said general provisions against loan losses should specific problem loans. |
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Hong Kong Acts to Stabilize Local Dollar

| HONG KONG Renter The Hong |  |  |
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| Kong government said Friday that |  |  |
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| ter-bark markee to stabilize curren. |  | ange- |
| cy nuctuations by seting up a spe-cisl account to intervene when cial account to intervene when | iterst |  |
|  | Exchange Fu | eff |
| necessary. <br> The accoont would be set up with Hong Kong \& Shanghai Ranking Corp, which manages the foreign reserves for the British colony, the authorities said. |  |  |
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| Through the new account, the authorities would be able to exermarkel as well as the Hong Kong doliar. | Kong imterbank rate. |  |
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| The statement said the new account would maintain a balance which would be the same as the net clearing balance of the rest of thebanking system. |  |  |
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## Greenspan Is Expected to Hold the Line on Interest Rates

| By Peter T. Kilborn New Yat Tima Servire | the year, and some said they doubted even that. | at Bear. Stearns \& Co. and a former Reagan administration econonist | two years, a hall |
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| HINGTON - The financial mar- |  |  |  |
|  | er, rather than later, as be sees signs | rate again. ${ }^{\text {a }}$ (ill nugge up the federal funds |  |
| ment of te economy implies that |  | The federal funds rate which banks |  |
|  | "He sears to like to move often and |  | accommodate the higher rates with |
| suffocating oghtening of credit to 5top | A. Leviler, senior esonomist at the Federal | proes | Mr. Greenspan also indic |
| Economists and market analysts said they |  | y |  |
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| digher it he sees oww | c |  | duction pressures are huilding |
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| At th |  | used to figure interest costs on loans to a |  |

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Delgado Wins Stage As Bauer Holds to 3 d


## After Peace Parley, Yanks Close on Tigers















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 Price Takes 1-Shot Open Lead; Fearsome Five Nab Ballesteros




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## POSTCARD

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## PEOPLE

## A £1．6－Million Mercedes：



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